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INSPECTOR GENERAL'S
SURVEY
OF THE
OFFICE OF ECONOMIC RESEARCH

February 1973

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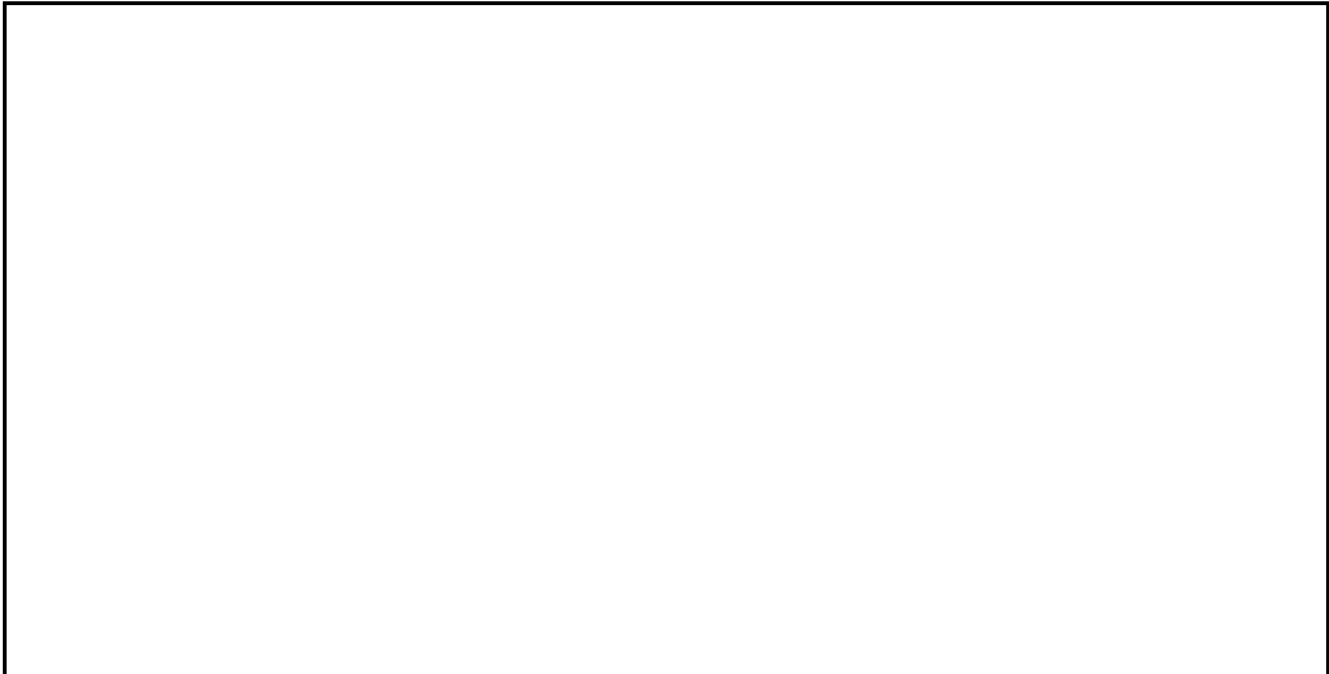
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OFFICE OF ECONOMIC RESEARCH

The Office of Economic Research (OER) is assigned that portion of the responsibility of the Director of Central Intelligence under NSCID No. 3 charging CIA with production of economic intelligence. That NSCID, dated 17 February 1972, superseded the jurisdictional limitations previously placed on the Agency by DCID 3/1, the revision of which is in an advanced stage. OER has engaged in economic research and reporting on a global basis for a number of years, although its formal jurisdiction had been limited to communist areas until broadened by the new NSCID.

I. Organization and Management

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II. General Intelligence Program

1. The nature and emphasis of the Office's activity has changed over the years, and a summary of the highlights reveals something of the personality of the Office as it is today. OER's predecessor -- the Economic Research Area of ORR -- organized and staffed itself initially to cope with the meticulous and detailed research required to develop a broad and sound data base and understanding of the Soviet economy; in many instances this even involved

25X1 This early phase necessitated employment of a large number of experts from private industry, the functional specialists with expertise in commodity, industrial, and other technical fields. As mentioned earlier, their role is declining. As the first phase of Soviet research was completed the Office commenced to shift the make-up of its personnel complement in favor of economists, a trend that continues.

2. A new national administration in 1961 began to levy a large number of ad hoc requests on CIA for a variety of papers, many of which fell into the purview of OER's predecessor office. To meet this new level of use, the DDI initiated an arrangement whereby senior officers would maintain active contact with key offices in the Departments of State and Defense and at the White House in order to field requirements for policy support. At about

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4. The point of this recitation is that it explains much of what we saw in the course of the present survey. The Office has not only been highly responsive to normal requirements, but it has taken the lead in seeking the development of new requirements, moving quickly and professionally to ensure that its resources are available to those who need support.

5. There is one aspect of the Office's work that needs special comment, as it is somewhat outside the more traditional area of economic research and reporting. This special aspect of the Office's production program, noted elsewhere in the context of discussion of organizational and administrative questions, has to do with the analysis and support of policy levels on the Indochina War. Earlier, OER had a limited capability on Vietnam, as part of its general regional interest. However, its skills and talents in such matters as logistics, transportation, industrial resources, and general statistical work increasingly involved it in responding to a growing range of requests. OER came to be one of the main resources of the intelligence community for evaluating various aspects of the course of events in Indochina. When one considers the controversy that has swirled around the Vietnam issue -- both in the public forum as well as at working levels on technical matters -- it is inevitable that OER found itself caught up in arguments centering on logistics, enemy manpower, bomb damage, etc. By and large the record is good, although not without

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challenge. In one case where the Agency's error is clear -- movement of enemy supplies through the Cambodian port of Sihanoukville into southern military regions of South Vietnam -- we have spoken with the ADDI, who saw the matter as one of methodology, and with two analysts who claim at least a share of the mistake. Rather than pursuing the question, we noted precautions to reduce the chance of such errors and to ensure that all shades of opinion in the Office are heard. Briefings and meetings occur regularly to compare information and views. When deadlines permit, representatives of OER, SAVA (the Director's Special Assistant, Vietnam Affairs), the Clandestine Service, and the office of the DDI, meet to go over papers written for senior levels in the Government. On their own initiative analysts can circulate papers in the Agency (under their own name or anonymously). Given the problems -- information gaps, dubious sources, the pressure of short deadlines, the uncertainties of war -- we judge the overall results as a proper source of satisfaction.

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IV. The Review Process

1. In OER, the channels for editorial and substantive review are precisely laid out -- through the branch chief, then to the division office, and finally to the Office Director. In most instances the process works well, resulting in expeditious handling and publication of a project.

2. There are, however, problem areas. Not by any means unique to this Office is the problem writer. Although the OER analyst who is a less than adequate writer is in a distinct minority, a measure of the difficulties he can create is the statement of one supervisor that he would rank an applicant's writing skills almost on a par with his analytical ability. The main burden of cleaning up an analyst's prose falls on the branch chief, and this chore can seriously delay the entire production process for other projects that must wait their turn.

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V. Production Management

1. OER turns out a variety of written products, ranging from the "S-Project" (translated variously as "Special" or "Support") through Intelligence Memoranda (IMs) to the longer Intelligence Reports (IRs). The S-Project usually is produced in typescript in response to a specific request. It can later be turned into an IM, OER's most frequently used reporting vehicle, which is usually a longer and more formal, printed publication. The IR is most frequently a long research piece, with detailed statistical tables appended to the written discussion.

2. The Office's production program is substantial. In FY-1972 it produced 3,351 published memoranda or reports, contributions to publications of other offices or groups, and responses to special requests. Of these, 1,311 were for community purposes (EIC and interagency reports), the remaining 2,040 being either in CIA publications or special memoranda. As noted, there has been a steady increase in requests for support. For example, a report by the DDI in early 1972, commenting on the rise in such requests from selected customers (White House, Departments of State, Treasury and Commerce), noted an increase from 157 special memoranda in 1968 to 238 in 1971. Added to these must be such customers in the "economic community" as the Special Representative

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for Trade Negotiations, the Council on International Economic Policy, the Council of Economic Advisers, etc.

3. To improve the handle it has on its production activities, the Office has commenced a quarterly planning exercise, recording and following the progress of approved research projects. Division chiefs had maintained their own records in recent years, but a central control had not been employed. As a step in husbanding its resources by avoiding duplication of research being done elsewhere, OER led the way in compilation by the community of an inventory of completed research and work under way. In some instances some duplication is deliberately required by high levels in the Government, when two or more agencies or departments are instructed to review the same subject independently, as sometimes occurred on the Indochina War.

4. In the day-to-day management of its program, OER has to exercise its own judgment on priorities, deferring or dropping some planned work in favor of new requests. A practical basis for some decisions is the test of the importance of the requester and the known deadlines. We have already spoken about initiation of projects, which the Office has under good working control. In the management of the actual program, and assignment of personnel to production, there are some problems that remain, all of which are recognized and are the subject of continuing attention by Office management.

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